

San Diego Craft Brewing Industry: 2016 Update

Executive Summary

San Diego's craft brewing industry has experienced strong growth over the last few years. As the industry footprint expands within the region, new challenges are emerging that require greater public awareness. From survey responses and public data, the National University System Institute for Policy Research (NUSIPR) found:

- **2015 was a good year for industry growth.** Overall, 114 San Diego based breweries and brewpubs generated \$851 million in sales last year, and employed 4,512 workers.
- **Industry wages are less competitive.** The craft brewing regions of Portland and Boulder now match San Diego for average industry wages. Overall, San Diego industry wages have been flat.
- **Craft breweries and brewpubs in the center-north part of the City of San Diego (City Council District 6) generated a \$71.4 million economic impact in the region.** Establishments in the San Diego City Council District 6 area also produced \$102.9 million in sales and support 638 jobs, or about 10% of county's total for craft brew employment and sales.
- **Regional policy choices are directly impacting local brewers.** Public debates over water supply, land use and housing may affect the brewing industry's economic competitiveness long term.

2015: The Industry Expands

For 2015, NUSIPR made some revisions to its methodology on data collection and analysis (See Appendix A). Overall, 2015 was a good year for industry growth in the region; jobs, establishments and sales all increased on a year-to-year basis. In all, 114 breweries and brewpubs operated in San Diego County at the end of last year, generating \$851 million in gross annual sales, and employing 4,512 workers. This was an increase of \$125 million over 2015 levels.

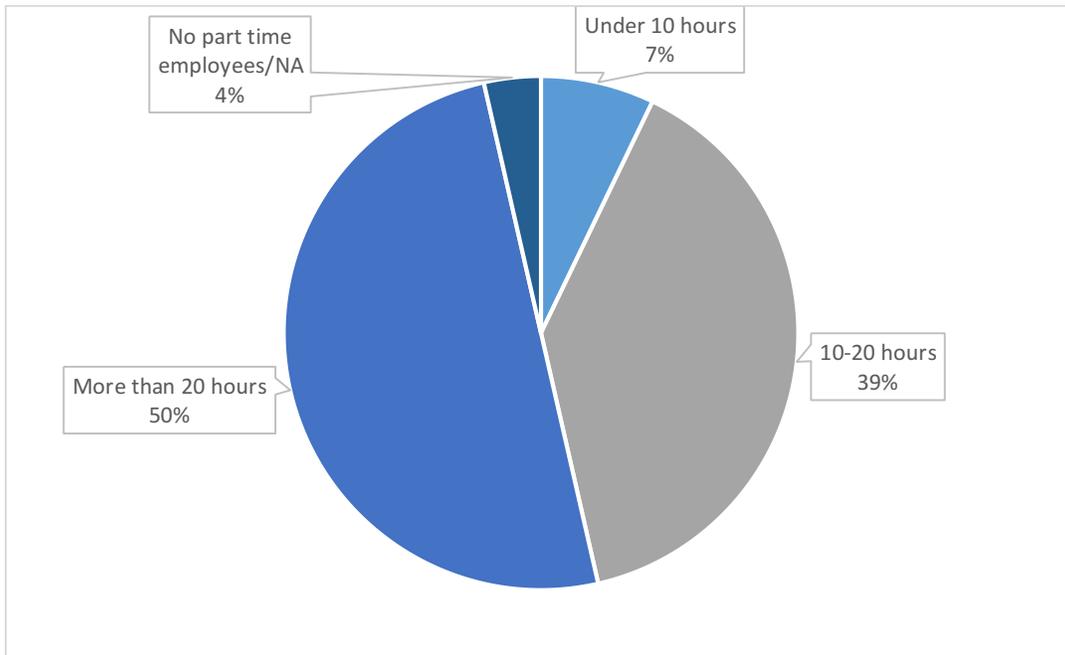
Table 1: San Diego County Brewing Industry Dynamics, 2011-2015

	2011	2012	2013	2014	2015 Craft	2015 Total
Breweries & Brewpubs	37	58	82	97	109	114
Total Annual Sales (In Millions of Dollars)				\$726.6	\$734.7	\$851.0
Industry Jobs	1,630	1,820	2,279	3,752	4,005	4,512

Industry Workforce

Respondents to the 2016 NUSIPR craft brewing workforce survey indicated that 52% of their staff was full time and 48% part time. The smaller, newer breweries and the largest, most established ones indicated higher shares of full time workers. Mid-sized breweries and all brewpubs had a greater share of part-time workers. Part-time workers do appear to have steady work available; when asked to indicate the average number of hours worked per week by part-time employees, half (50%) responded with “more than 20 hours.”

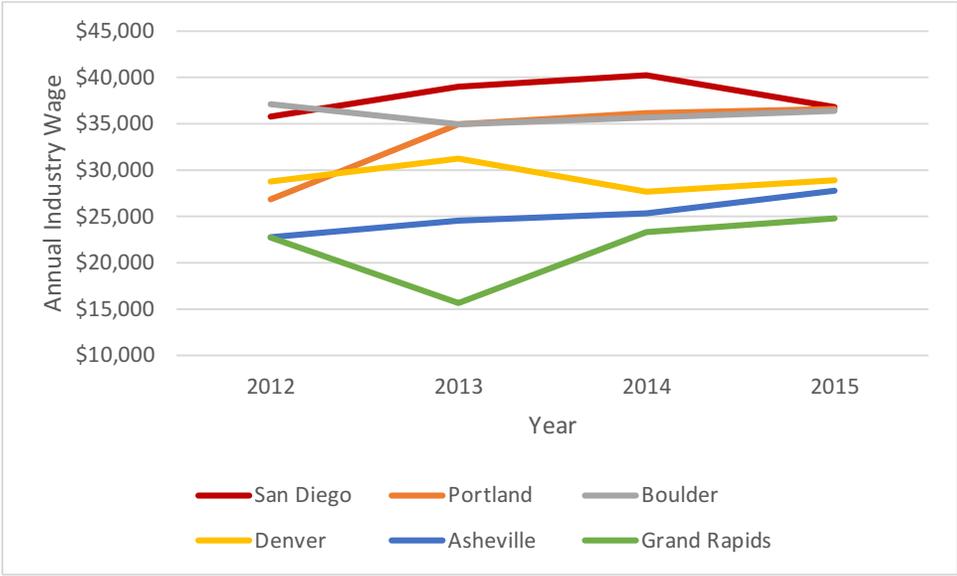
Chart 1: Average Number of Hours Worked per Week by San Diego Brewing Industry Part-Time Workers



Wages: Industry wages in the region remain high, though now less competitive compared to other major craft brewing regions in the country. Previously, NUSIPR reported that San Diego industry establishments offered the highest average industry wages among craft brewing regions. By 2015, however, that wage gap has closed. Data from Quarter3 2015 indicates that wages in Portland and Boulder are now nearly identical to that paid in San Diego (\$36,608, \$36,400, and \$36,816, respectively).¹ We expect wages to rise overall through the end of the decade. Still, it is important to understand why wages have fallen while industry employment rose in 2015. NUSIPR plans a follow-up investigation on this issue.

¹ United States Department of Labor, Bureau of Labor Statistics. Quarterly Census of Employment and Wages online database. Accessed March 1, 2016.
<http://www.bls.gov/cew/apps/data_views/data_views.htm#tab=Tables>.

Chart 2: Average Brewing Industry Annual Wages, by Brewing Region (County), Q3 2012-2015



Survey: Training and Skill Acquisition: Most industry workers receive on-the-job training, or learn industry knowledge through hobbyist and competitive home brewing. However, formal industry education is a growing trend, particularly in San Diego, where there are two major industry education programs – the San Diego State University (SDSU) College of Extended Studies Business of Craft Beer Professional Certificate, and the University of California – San Diego (UCSD) Extension Brewing Certificate, both founded in fall 2013.

Respondents were asked whether their employees have completed or are currently enrolled in various industry education programs. The majority (57%) indicated employees have participated in the Cicerone Certificate program. Founded in 2008, the Cicerone® Certification Program was established to increase workforce education and introduce expert craft beer stewards throughout the world. The program seeks to replicate what sommelier training provides the wine industry – a trained professional knowledgeable in an artisanal food product, which they can proficiently serve to the public. Participation in the SDSU and UCSD programs was lower (32% and 39%, respectively) but still significant.

Table 2: Industry Education Program Participation

Industry Education Program	Percentage Yes
Cicerone Certificate	57%
UCSD Extension – Brewing Certificate	39%
SDSU Professional Certificate	32%
Other	21%

Survey: Industry Policy Concerns

Key to understanding the direction of the craft brewing industry is learning about the challenges and concerns of industry participants, and measuring those viewpoints in a quantitative way. As part of our survey, we asked respondents “looking towards future growth for your business, please rank only the top five issues that are impediments to growth.” We offered nine major policy categories to select from, based on prior surveys in other markets and interviews with industry participants. We tabulated the responses, and created a hierarchical index based on the number of responses and values awarded by respondents (See Table 3). The higher the score the more concerned the industry is with the issue.

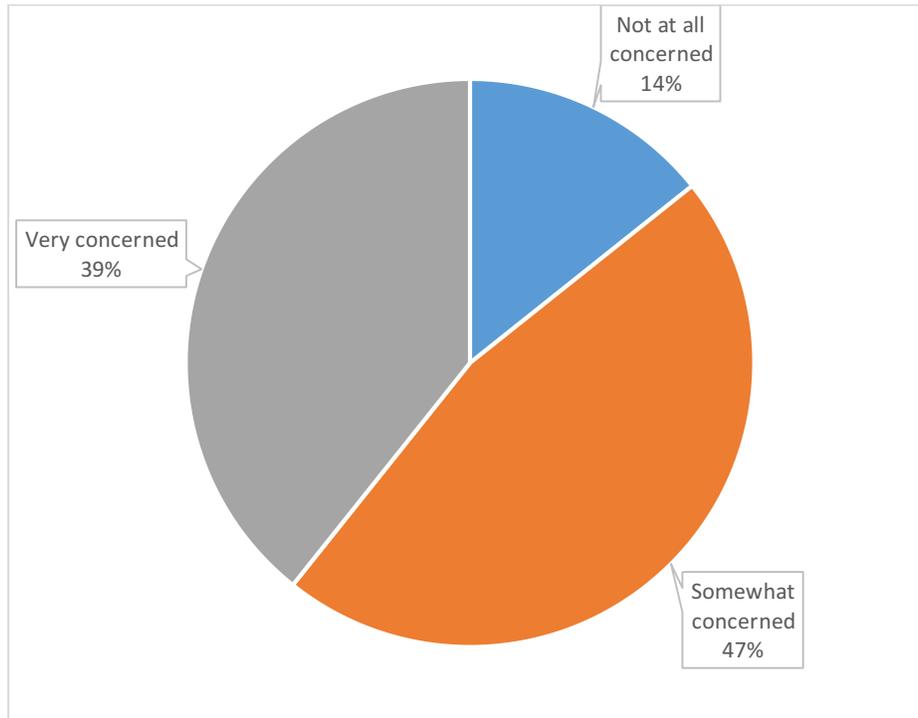
Overall, “access to capital” was the clear top choice among survey respondents, followed by “land/space/available real estate” and distribution. Taxes, state and federal regulations ranked lowest on the index scale.

Table 3: Impediments to Growth Index

Issue	Index Score	Sample
Access to capital	2.90	20
Land/space/available real estate	2.59	17
Distribution	2.33	15
Water/wastewater management	2.00	16
Availability/price of inputs/materials	1.75	16
Permits/local regulation	1.73	15
Marketing	1.55	11
State/federal regulation	1.41	17
Taxes	1.33	12

A separate section deal with the future of our state’s water supply. Water is beer’s main ingredient and escalating rates and conservation-related cutbacks could affect the cost and availability of beer’s main ingredient. When asked “how concerned is your brewery or brewpub about the California drought, water policy, and the price and availability of water in the coming years,” nearly 8 out of 10 responded either “somewhat concerned” (47%) or “very concerned” (39%). Only 14% responded “not at all concerned.”

Chart 3: Drought Concerns of San Diego Brewing Industry



Survey: Community Engagement

The survey also found strong evidence that San Diego County brewers are charitable with their time and resources. Nearly all respondents (96%) said they participated in a beer festival and donated to a charitable or non-profit organization (93%) with cash or in-kind ways, including kegs or free merchandise. Fewer indicated they volunteered (32%) or participated in fundraising events (71%).

Table 4: Industry Participation in Community Activities for 2015

Community Activity	Percentage Yes
Beer festival	96%
Donations (In-kind and/or cash) to charitable or non-profit organizations	93%
Volunteering	32%
Participating in fundraising events	71%

District 6 Craft Brewing Community

As a new feature in our annual industry updates, NUSIPR will profile an area or aspect of the craft brewing sector for greater review. Our first profile is of the San Diego City Council District 6 craft brewing community, one of the largest concentrations of breweries and brewpubs in San Diego County. Located in central San Diego, District 6 includes the neighborhoods of Mira Mesa, Sorrento Valley,

Kearny Mesa, and parts of Rancho Penasquitos and Clairemont Mesa. Unofficial nicknames for the general area include “San Diego’s Beer Belt,” “Beeramar” and “Beera Mesa.”

Efforts to elevate the District 6 brewing sector have increased with the assistance of local government. District 6 City Councilman Chris Cate and his staff have partnered with District-based breweries and brewpubs to promote the industry and facilitate greater investment. Last year, they created a District 6 industry website (D6beer.com), which features a D6 brewery map, directory, and step-by-step guidelines to opening a brewery in the City of San Diego. For the 2015 San Diego Beer Week, the District 6 Office partnered with Uber to offer a special “Brew Pass” promotion for visitors to 10 District-based breweries, including discounts and exclusive beer tastings. Plans are in the works for the District office to partner with the U.S. Commercial Service and the World Trade Center to promote locally brewed beer for international export.

The District has also benefited from broader regulatory reform efforts at the City of San Diego. In April 2015, the San Diego City Council approved the 9th Update to the Land Development Code, which streamlined city code for a variety of uses, including brewing beer. Specific regulatory reforms for microbreweries include easing parking requirements, allowing live entertainment in industrial zones, and clarity on the classification of breweries, tasting stores, and tasting rooms citywide.²

Using survey data and business records, NUSIPR identified that in 2015 District 6 was home to 18 craft breweries and brewpubs, employing approximately 373 employees and generating \$102.9 million in sales. To determine the economic impact of the District 6 craft brewing community, NUSIPR analyzed sales data using IMPLAN, a leading regional input/output model. Input/output models are an econometric technique used to explore economic relationships within a designated geography. Overall, we found that the District 6 craft brewing industry generated a \$71.4 million regional economic impact in 2015. We also found that the industry supports a total of 638 jobs, a figure which includes all direct (373), indirect (136), and induced (129) jobs. Approximately one out of ten craft beer dollars generated in San Diego County are made in District 6; similarly, one out of ten industry jobs are found in the District as well.

Conclusion

As the industry footprint grows within the region, so too has the intersection with many of San Diego’s most pressing policy issues. For example, as industry wages become less competitive, and talented brewers consider their options in other craft beer regions, the relevance of housing affordability, smart growth and development become more pronounced. The migration of breweries and brewpubs from far-flung industrial parks to our dense urban corridors heightens the need to consider the impact of land use and regulatory restrictions on manufacturing and selling beer.

As our survey indicated, brewery and brewpub owners have their own policy concerns and challenges that lay before them. Meanwhile, large alcoholic beverage conglomerates like AB InBev are likely to make more acquisitions of craft brewers, spend millions more on marketing campaigns, and expand their presence in the San Diego market. More industry partnerships, such as those between Councilman

² City of San Diego website. Development Services – Microbreweries. Accessed March 1, 2016. <<https://www.sandiego.gov/development-services/industry/landdevcode/workprogram/microbreweries>>.

Cate and District 6 breweries and brewpubs, could lead the way to how the industry meets those challenges and grows in a changing marketplace.

About the National University System Institute for Policy Research

The National University System Institute for Policy Research (NUSIPR) is a non-partisan, non-profit organization that formulates and promotes high quality economic policy, and public opinion research so as to improve the efficiency and effectiveness of local governments in San Diego County and to improve the quality of life enjoyed by the region's residents.

Appendix A: Changes in Methodology

Recognizing the contribution of “non-craft” brewers

2015 was a time of change for the industry. Most notably, San Diego craft breweries attracted the attention of large, multi-national brewing companies looking for acquisition targets. In September of 2015 MillerCoors acquired a majority share in San Diego-based Saint Archer Brewing Company. A month later, Ballast Point Brewing was sold to Constellation Brands. We believe this trend of alcoholic beverage conglomerates acquiring small U.S. craft breweries will continue for the foreseeable future.

We chose to recognize this change by adding a separate sub-grouping in the data tables for “non-craft establishments.” While not meeting the Brewers Association’s definition of craft brewers, these establishments still are generating meaningful economic contributions to the region, through sales tax revenue, job creation, construction activity, and local goods and services purchased as a result of their physical presence here and many of the challenges they face are similar to the independently owned and operated craft brewers.

New data source on sales

Also, prior to 2015, NUSIPR had relied upon a combination of public business records and business database ReferenceUSA to estimate total industry annual sales. However, in evaluating a large sample of actual local sales data this winter, we have found IMPLAN, the best-in-class econometric modeling program, to be a more accurate source of sales figures than ReferenceUSA. We have thus chosen to use IMPLAN sales estimates, starting with revising the previously-published 2014 sales figure, as well as estimating 2015 figures.

Refining our Survey Instrument

Our survey instrument has also been refined. Every fall, NUSIPR, assisted by the San Diego Brewers Guild, sends surveys electronically to brewery and brewpub owners, asking their current employee head count and the number of employees in brewing centric and non-brewing centric work. For 2015, we expanded our survey questionnaire to include more detailed questions about the industry workforce, relevant policy topics, and charitable activities. The responses to those questions are summarized in this report. Over two weeks in early December 2015, NUSIPR received 34 survey responses, 28 of which were complete and usable for our sample. This is a 28% response rate (we estimate there were approximately 99 unique establishment owners in 2015).



PRESS KIT





ABOUT

The San Diego Brewers Guild is a nonprofit organization made up of allied San Diego craft breweries, tradespeople, restaurants serving craft beer and craft beer aficionados. Started in 1997 by a group of brewers with a common goal of supporting the brewing culture in San Diego, the Guild is the primary nonprofit organization supporting San Diego's growing craft beer community.

Its mission has remained the same since its inception: *to promote awareness and increase the visibility of fresh, locally brewed beer through education and community events.* Throughout San Diego's craft beer history, the Guild has worked to create an open line of communication between brewers, be an advocate for modern beer laws and promote the robust brewing community locally, nationally and internationally.

With over 100 craft breweries now operating in San Diego County, the Guild's role is more important than ever. Now in its 8th year, San Diego Beer Week, presented by the Guild, has grown significantly in recent years, and is a major draw for beer tourists all over the world. As San Diego's craft beer community continues to grow, ***the Guild remains dedicated to serving the craft beer community*** and spreading the word about San Diego's unparalleled craft beer culture.

Cheers!





FAQ

WHAT IS THE SAN DIEGO BREWERS GUILD?

The San Diego Brewers Guild is a nonprofit organization founded in 1997 to support San Diego's growing craft beer community.

WHAT IS ITS PRIMARY MISSION?

The mission of the San Diego Brewers Guild is to promote awareness and increase the visibility of fresh, locally brewed beer through public education and events.

WHAT ARE THE CORE SDBG EVENTS?

The Guild's core events are:

- San Diego Beer Week, a weeklong celebration of all things San Diego beer held annually the first week of November (now in its 8th year)
- Rhythm & Brews Music and Craft Beer Festival, a one-day event that showcases San Diego breweries and local bands, is the bookend event to SDBW held annually in North San Diego County in the spring.



WHEN IS SAN DIEGO BEER WEEK 2016?

November 4 – 13, 2016

WHO CAN BE A MEMBER OF THE SDBG?

The Guild welcomes new members. Brewery members are those whose principal business is a brewery in San Diego County, while allied retail members are pubs, bars and restaurants selling beer brewed in San Diego County. Affiliate members are those who provide service or manufacture or sell products to the brewing industry, both commercial and home brewing.





LEADERSHIP

WHO IS PART OF THE LEADERSHIP OF THE SDBG?

*Guild members vote to fill the Guild's leadership roles annually.
For 2016, leadership roles are as follows:*

PRESIDENT

Jill Davidson

Pizza Port Brewing Company

SECRETARY

Rachael Akin

Benchmark Brewing Company

TREASURER

Bryan Carpenter

LevitZacks CPA

PRESIDENT EMERITAS

Kevin Hopkins

Mother Earth Brew Co.

GENERAL COUNSEL

David Moore

Moore & Skilljan Attorneys At Law

EXECUTIVE ADMINISTRATOR

Paige McWey

BOARD OF DIRECTORS

Lee Doxtader

San Diego Brewing Co

Paul Sangster

Rip Current Brewing Co

Claudia Faulk

Aztec Brewing Company

Matt Rattner

Karl Strauss Brewing Company

Todd Colburn

Stone Brewing Co

Rick Chapman

Coronado Brewing Company

Get to know the Guild's Leaders





JILL DAVIDSON

President

Western Regional Sales Manager, Pizza Port Brewing Company

After growing up just four hours north of New York City in Ballston Lake, NY, Jill made the move to Delaware to attend the University of Delaware where she received a Bachelor of Science degree in Hotel, Restaurant & Institutional Management. She fell into her now nearly 14-year relationship with the brewing industry at just 18 years old at Iron Hill Brewery & Restaurant in Newark, DE during the server beer-training program. She now happily resides in San Diego and has been with Pizza Port Brewery for six years, with her current position being Western Regional Sales Manager. Jill joined the Guild's leadership in 2015 and is excited to be part of San Diego's beer industry at such a transformative time of growth and expansion. Jill also enjoys the diversity of the Guild – from the wisdom of more experienced brewers to the innovative ideas of newer ones – and how it provides an outlet for all of those voices to be heard.



RACHAEL AKIN

Secretary

Co-Founder, Benchmark Brewing Company

A fifth generation San Diegan, Rachael Akin was originally intent on being an interior designer before her career path took a sudsy turn. After pouring beer throughout her time in college, she became directly involved in the brewing industry when she decided, along with her family, to open a brewery in 2013. Her entire family – mom, dad and brother – opened Benchmark Brewing as a family project, and since then she's been directly involved with the San Diego brewing community. At Benchmark, Rachael manages the brand, sales and marketing, the brewery's events and its tasting room, as well as all aspects of design. She has been a member of the local homebrew club QUAFF since 2002 and is a BJCP certified beer judge. She joined the Guild in 2016 as its secretary, since it's in her nature to get involved. She looks forward to pitching for change and becoming more involved with the Guild.



BRYAN CARPENTER

Treasurer

Audit Manager, LevitZacks CPA

Bryan hails from Jackson Hole, WY, and moved to San Diego to attend the University of San Diego where he graduated magna cum laude in 2007 with a double major in accounting and business administration with an emphasis in finance, real estate, and information technology. Post-graduation, he went on to work as a CPA at LEVITZACKS, where he combines his business and accounting skills with his personal passion and professional experience within the brewing industry and has branded himself the “Craft Beer CPA.” His passion for beer began in college, when he began home brewing, and later joined Quality Ale and Fermentation Fraternity (QUAFF) in 2013. After he spearheaded the initiative for LEVITZACKS to become an affiliate member of the Guild, Bryan knew he wanted to get more involved himself. He joined the Guild in 2016 as its treasurer and looks forward to giving back to the craft beer community that has given him so much.



KEVIN HOPKINS

President Emeritas

Chief Branding Officer, Mother Earth Brew Co.

Born in Bell, CA, Kevin Hopkins’ love of handcrafted beer goes all the way back to the early 1980s when he was living in England. His love of artisanal ales and the passion they are born from came home with him from across the pond and have remained a driving force both personally and professionally. After a successful career in the restaurant industry and relocation to the San Diego area, Kevin joined the craft brewing movement in 2007. Previously serving as the director of hospitality and employee relations for Port Brewing/The Lost Abbey, Kevin is now the chief branding officer for Mother Earth Brew Co. His wife Lori and their two daughters reside in San Marcos, CA and are very proud in supporting the greater San Diego area as the ‘Capital of Craft.’ In his work with the Guild, Kevin prides himself on the ability to share the passion and entrepreneurial spirit of its members to a thirsty public.





DAVIDMOORE

General Counsel

Attorney, Moore & Skilljan Attorneys At Law

David Moore is a San Diego native and a partner at Moore & Skiljan Attorneys at Law. He graduated with the high achievement of cum laude at both the University of Southern California and California Western School of Law. David got his foot into the brewing industry in 1997 when Stone Brewing Company's CEO and co-founder Greg Koch let him know that the breweries in San Diego wanted to form a guild and needed assistance to form the corporation and file for non-profit status. He has been using his skill set within the Guild ever since and feels privileged to have witnessed the growth of the brewing community in San Diego first hand.



PAIGE MCWEY

Executive Administrator

Paige McWey is a San Diego County native, born and raised in Vista, CA. After graduating high school, she moved south to the City of San Diego to attend San Diego State University, where she double majored in sociology and religious studies. Paige originally intended to have a career as a paralegal, and completed the paralegal program at the University of San Diego. However, while in school she worked as a server at The Linkery, one of San Diego's first truly farm-to-table, craft-focused restaurants, and it was there that she learned about San Diego's craft beer movement. After graduating from USD's program, she was working at a law firm doing paralegal and office management work, but knew she wanted to get into the craft beer industry. When she learned about the job at the guild, she immediately went for it, and the rest is history. In her work with the second largest craft beer Guild in the country, she works directly with the board of directors to make decisions for the Guild, attends craft beer summits and seminars to stay up-to-date on all things craft beer, advocates for more modern beer laws and is behind one of the biggest beer events in the country: San Diego Beer Week.



LEE DOXTADER

Board of Directors

Co-Founder, San Diego Brewing Company

Lee Doxtader was born and raised in a small town outside of Michigan's state capital. He stayed in Michigan for college and earned a Bachelor's of Science degree in business administration from Ferris State University. Lee began his career in the brewing industry at home, spending much of his time home brewing. After he moved to San Diego in 1981, Lee went on to co-found Callahan's in 1989 and later San Diego Brewing Company in 1993 – he has been brewing commercially for over two decades. Lee got involved with the Guild to grow the voice of local craft brewers and currently sits on the Board of Directors.



PAULSANGSTER

Board of Directors

Co-Founder/Head Brewer, Rip Current Brewing Company

Born and raised in Baltimore, MD, Paul Sangster came to San Diego for the beer. Paul has been a craft beer lover since the late 80s and his engineering background ignited his interest to better understand the composition of beer. In 2012, Paul co-founded Rip Current Brewing Company with his friend Guy Shobe after several very active years as a home brewer (in which he won over 150 medals for his home brews). His dedication to his craft has now earned Rip Current a number of accolades, including Very Small Brewing Company of the Year at the 2015 Great American Beer Festival. Paul got involved with the Guild in 2015 to give back to the San Diego beer community. By sitting on the Board of Directors, Paul is actively contributing to San Diego's reputation as the preeminent brewing city in the country.





CLAUDIA FAULK

Board of Directors

Partner/CFO, Aztec Brewing Company

Claudia Faulk was born in Chula Vista and raised in Southern California. After running her own graphic design business for over 25 years, she wanted to create a product that was made-in-USA and then build the brand using her graphic design know-how. Intrigued by the craft beer movement in the U.S., she set out to start a brewery and spent three years preparing. Claudia has now been owner and partner of Aztec Brewing Company for four years and got involved with the Guild in 2013 to contribute her voice to the greater craft beer community. As a woman, Claudia saw the need for more active female voices to be heard in the brewing industry.



MATT RATTNER

Board of Directors

President, Karl Strauss Brewing Company

Born and raised in Redwood City, CA, Matt Rattner is a true craft beer pioneer (and entrepreneur) who achieved his goal of starting the first brewery in the city of San Diego since Prohibition. In 1989, he co-founded Karl Strauss Brewing Company with Chris Cramer and now serves as the company's co-president. Matt has devoted his near 30-year career to building San Diego's craft brewing community. He became involved with the Guild to impart his knowledge he's gained to a new generation of craft brewers and embrace, support and guide the local craft beer community.





TODD COLBURN

Board of Directors

Director of Marketing, Stone Brewing Company

Born and raised in sunny San Diego, Todd stayed local after high school and attended San Diego State University. After graduation, he worked in the golf industry but what he really wanted to do was work in craft beer. He and his best friend had dreams of opening a brewery, but it never happened. In spring of 2011, Todd finally made the jump when he saw Stone Brewery's plans for expansion in the San Diego Union-Tribune and noticed an open position in marketing. He has been with the company ever since and doesn't regret leaving golf for a minute. Todd joined the Guild's leadership because he wants to support San Diego's growing craft community and the camaraderie found amongst its brewers. He has enjoyed immensely the relationships he has built within the Guild as well as opportunities to drive awareness for craft.



RICK CHAPMAN

Board of Directors

President/Co-Founder, Coronado Brewing Company

A Coronado native, Rick Chapman is a longtime member of San Diego's craft beer community. He briefly left his hometown to attend college in Santa Cruz, but returned home afterwards and eventually opened up a small coffee shop (though he initially had dreams of opening a restaurant). When a larger spot opened up, he and his brother decided to try something different and open up a brewpub instead of a restaurant. This was in 1996, when there were just six microbreweries in San Diego. Twenty years later and Coronado Brewing Company is a San Diego craft beer mainstay. Rick joined the Guild's Board of Directors in 2015 to continue to support the local craft community and pass along his knowledge of the beer industry that he's picked up along the past two decades. He is especially passionate about advocating for better laws for craft brewers.



MEDIA CONTACTS

WHERE CAN I FIND HIGH-RESOLUTION IMAGES OR THE SDBG LOGO?

High resolution images are available upon request. The Guild's logos can be found [here](#).

WHAT ARE THE GUILD'S SOCIAL MEDIA HANDLES?

Facebook:

<https://facebook.com/SDBrewersGuild>

Twitter:

<https://twitter.com/sdbrewers>

Instagram:

<https://instagram.com/sdbrewers>

HOW CAN I REQUEST AN INTERVIEW WITH A REPRESENTATIVE OF THE SDBG?

The Guild welcomes interview requests. Members of the media are encouraged to reach out to Bay Bird Inc with their requests.



WHO IS THE GUILD'S MEDIA CONTACT?

Bay Bird Inc

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